

22 March 1984

MEMORANDUM FOR THE RECORD

SUBJECT: Request to Mutual for ABP Cost Information 1985

In response to Board directives C/IB spoke with Bob Murphy of Mutual of Omaha on 19 March 1984 regarding the following:

1. Update on end of year reserve for 1983 - Mutual says final accounting statement should be ready in 2 weeks.
2. Estimate on inflation cost increase - Mutual hedged on giving me a direct answer on this. They said it was less than last year (23%) and that our utilization overall, of course, had been lower than anticipated.
3. Cost out following benefit changes -
 - a. \$200 inpatient deductible per calendar year vice per admission.
 - b. Addition of skilled nursing facility coverage - Mutual views this as a cost containment item so it will be a no cost addition.
 - c. 85% coverage for inpatient surgery with a second opinion.
 - d. Addition of routine physicals and immunization visits for dependents under major medical.
 - e. Development of some further cost containment measures within Mental and Nervous Benefits such as a separate catastrophic or coverage reduction.

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